

Message Text

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13

ACTION EB-06

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-03 SIL-01 OMB-01 NSC-05 SS-15 STR-04

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FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 8858

INFO AMEMBASSY CANBERRA

UNCLAS WELLINGTON 3491

EO 11652: NA

TAGS: EFIN, ETRD, NZ

SUBJECT: SUBSIDY COSTS RISE, IMPORT PAYMENT FALL SLIGHTLY

REF WELLINGTON 2481

1. REVISED GOVERNMENT ESTIMATES OF CONSUMER SUBSIDY PAYMENTS FOR FISCAL YEAR ENDING MARCH 31, 1975, TOTAL \$NZ123.85 MILLION.

THIS IS OVER \$NZ26 MILLION MORE THAN ESTIMATED IN THE JUNE BUDGET.

IT IS NEARLY \$NZ11.7 MILLION OVER FY 1974.

2. ESTIMATES OF THE MILK SUBSIDY HAVE INCREASED \$NZ6.75

MILLION TO \$NZ50.25 MILLION; BREAD UP \$NZ1.4 MILLION TO

\$NZ4.9 MILLION; AND WOOL DOUBLED TO \$NZ2 MILLION. THE ESTIMATE

OF SUBSIDIES ON EGGS AND MEAT REMAIN AT \$NZ1.8 MILLION AND

\$NZ1. MILLION RESPECTIVELY.

3. THE ELECTRIC SUPPLY AND RAILWAYS SUBSIDIES (MEET

OPERATIONS LOSSES) HAVE BEEN INCREASED RESPECTIVELY \$NZ 7

MILLION (TO \$NZ18 MILLION) AND \$NZ10 MILLION (TO \$NZ30

MILLION).

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4. TAKING INTO ACCOUNT THE ABOVE ECONOMIC

STABILIZATION EXPENDITURES, ONE RELIABLE UNOFFICIAL
ESTIMATE NOW PUTS NEW ZEALAND'S PRESENT TRUE RATE OF
PRICE INFLATION AT ABOUT 16.5 PER CENT.

5. ON THE SLIGHTLY BRIGHTER SIDE OF A GLOOMY ECONOMIC
PICTURE, STATISTICS DEPT. ESTIMATES OF AVERAGE MONTHLY
IMPORT PAYMENTS FOR OCTOBER THROUGH DECEMBER TOTAL \$NZ181
MILLION DOWN 7.3 PER CENT FROM THE MONTHLY JULY-SEPTEMBER
AVERAGE OF \$NZ195.3 MILLION. THE JANUARY THROUGH MARCH 1975
AVERAGE IS ESTIMATED AT \$NZ176 MILLION, A FURTHER DROP OF 2.8
PER CENT.

6. IT IS POSSIBLE THE ESTIMATED IMPORTS FOR THE TWO
QUARTERS MAY BE HIGH BECAUSE (A) FIRMS EARLIER MAY HAVE
IMPORTED MORE THAN THEIR NEEDS AND WITH SIGNS OF A
SLACKING DEMAND WILL CANCEL ORDERS AND (B) INCREASED
IMPORT COSTS DUE TO THE SEPTEMBER DEVALUATION WILL
DISCOURAGE IMPORTS.
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